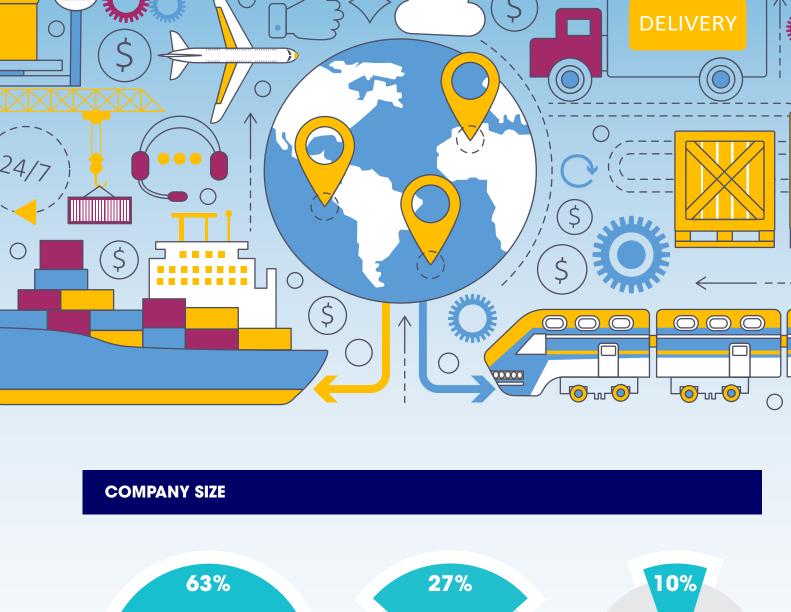


BENCHMARK YOUR EXPORT **READINESS: MEASURING THE** CANADIAN POTENTIAL Most Canadian manufacturers recognize the importance of exporting their products beyond

Canada, as a means of expanding their revenue growth. However, according to the inaugural Export Insights Report for 2016 (produced by CanadianManufacturing.com), less than half of the exporters surveyed (47%) have a comprehensive export strategy, with only 26% reporting a long-term strategy. The survey cites the U.S. as the top market choice for Canadian exports. But are Canadians ready to take advantage of the potential opportunity waiting for them south of the border?

*2016 survey based on over 500 Canadian manufacturing executives

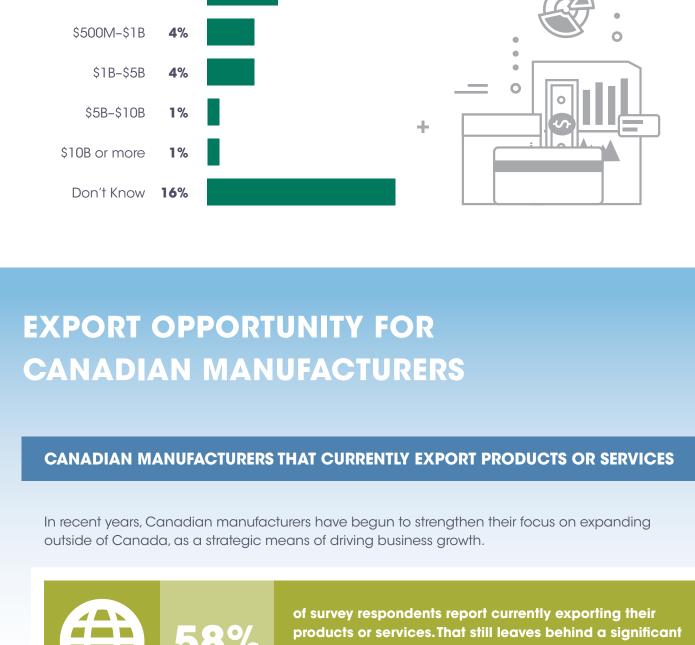


63% of the companies surveyed 27% have between While only 10% have 500 or have fewer than 100 employees more employees 101 to 499 employees

PRIMARY INDUSTRY Manufacturing **61**% Other 13% IT/Technology/Engineering/Professional Services 10% Natural Resources/Agriculture 8% Pulp/Paper/Forestry 3% Trade/Transportation

LOCATION British Alberta Manitoba Ontario Quebec Columbia 4% 40% 19% 15% 14%

Newfoundland New Nova Saskatchewan Brunswick Scotia and Labrador 3% 2% 2% **TOTAL REVENUE IN 2015** Less than \$10M 42% \$10M-\$25M 13% \$25M-\$50M 8% \$50M-\$100M 5% \$100M-\$500M 6% \$500M-\$1B 4%



Canadian manufacturers.

While results from the report reflect high confidence levels in exporting growth over the coming 12 months, a large percentage of companies surveyed still don't have plans to start exporting at all.

69%

13%

69% have no plans to export

start exporting or not

within the next two years

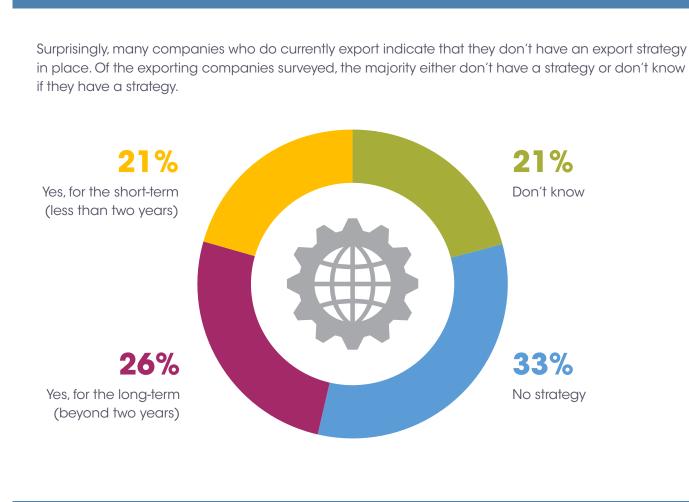
13% don't know if they have plans to

13% of companies that don't currently 13% export have a plan to begin exporting

PLANS TO EXPORT

5% have a longer-term plan to 5% start exporting

DO EXPORTERS HAVE A COMPREHENSIVE EXPORTING STRATEGY?



Currency fluctuations 33% Local competitive market 31%

TOP EXPORTING CHALLENGES

Business practices in foreign markets

Political instability in foreign markets

Intellectual property risk

Receiving payment from foreign customers

Foreign regulations/tariffs 24% Lack of staff/internal resources 22%

16%

11%

11%

11%



Just over half of the survey respondents cite their product as not suitable for exporting, and

9%

10%

13%

Some/moderate

value-add

22% Eastern Europe

8%

Service or

software

Concerned about risks to the business

Lack of financing

Not enough staff/resources

almost a quarter of them feel that their business is growing well enough domestically.

TYPE OF PRIMARY EXPORT M

25%

Mix of manufactured

products and

support services

24%

Business growing well at home

40%

Highly-engineered/

custom products

THE TOP EXPORT DESTINATIONS

with Mexico, Latin America and Europe following.

Product not suitable for export

THE OPPORTUNITY FOR EXPORT (AND REVENUE) GROWTH

It's not surprising that the U.S. is by far the largest target market for Canadian manufacturers,

Europe 32%

14%

High volume/

commodity



Companies prepared to take on new markets are aware that they need to understand those

30%

28%

20%

19%

14%

8%

14%

30% to 49%

50% to 69%

17%

10% to 29%

16%

Low demand

at home

14%

Low Canadian

dollar

Exporting is a lucrative venture for Canadian manufacturers, with a quarter of companies reporting that sales from exports make up more than 70% of their total sales. Don't know

PERCENTAGE OF COMPANY SALES FROM EXPORTING

markets and have a plan. So how are they preparing?

Visiting/traveling to potential markets

Seeking consulting/outside expertise

Developing foreign web sites/marketing

Acquiring shop floor machinery or upgrades

Upgrading or installing new corporate software

70% or more in sales

Less than 10%

REASONS WHY COMPANIES DECIDE TO EXPORT

41%

Need for

sales growth

48%

Demand from

existing customers

Adding capacity

Hiring additional staff

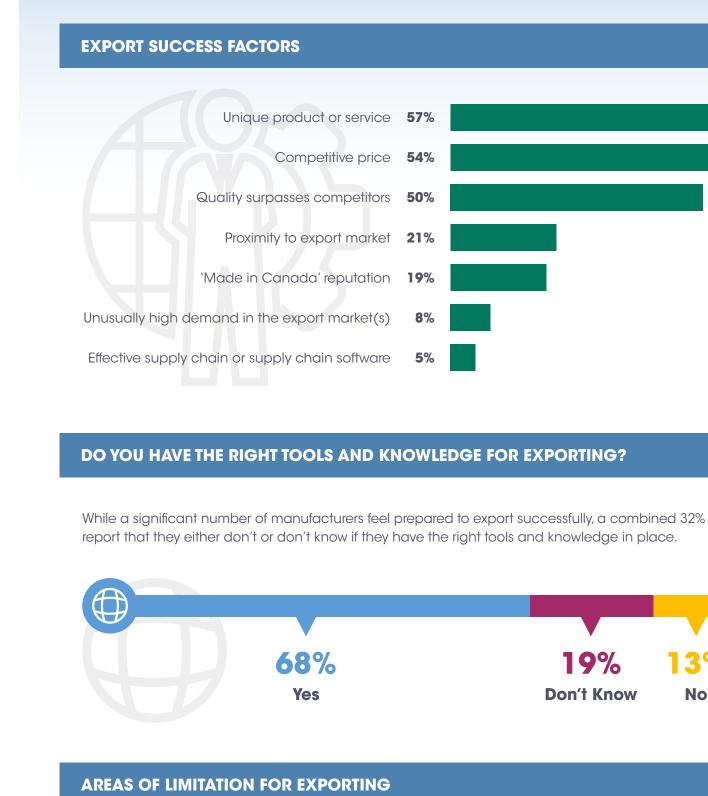
PREPAREDNESS IS KEY In order to mitigate risk and remain competitive when expanding into new markets, developing a leading strategy becomes imperative. Having a deep understanding of your target market, being

aware of the regional regulations and guidelines, and putting the proper infrastructure in place including technology and dedicated systems—are all key steps when expanding into new markets.

26%

Proximity or size

of export market



Distribution network and logistics 46% Channel partnerships 41% Production capacity **26**% Ability to innovate product 21%

Facilities

Supply chain visibility

Workflow and processes

exporting success. Is it important to your success?

NEXT STEPS:

Staff resources/expertise

ability to export.

IT capability 8% THE ROLE OF TECHNOLOGY (SUPPLY CHAIN SOFTWARE OR

ERP software solutions can help streamline and manage critical business operations, including inventory management, order fulfilment, supply chain management, distribution and logistics

planning, finance planning and compliance management, to ensure that businesses are set up for

A lack of staff resources and expertise represents the biggest area of weakness in a company's

72%

18%

15%

8%

ENTERPRISE RESOURCE PLANNING {ERP}) IN EXPORTING SUCCESS



20% Not confident Confident

> If you want to learn how SYSPRO can help manage your business operations if you plan to expand to the U.S. market, contact us today at info@ca.syspro.com or +1 (888) 259-6666.